



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

June 27, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

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Third District

DON KNABE
Fourth District

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Fifth District

**PRELIMINARY REPORT – REDONDO BEACH REDEVELOPMENT PROJECT
CATALINA PROJECT AREA - CITY OF REDONDO BEACH (FOURTH DISTRICT)**

Consistent with Board policy and direction, we are advising your Board that the City of Redondo Beach has sent us the Preliminary Report for the proposed Catalina Project Area. The Preliminary Report includes the following information:

- Map of Project Area (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The boundaries of the proposed project encompass approximately 90 acres. On March 7, 2002, this office provided your Board with a summary of a Preliminary Report on Redondo Beach's Heart of the City Redevelopment Project. At that time, we identified a concern that a 10-acre area adjacent to the Marina did not appear to be consistent with the blighting conditions required by Redevelopment Law. This concern was shared with the City. Subsequently, the Heart of the City Redevelopment Project was rescinded by the City after local residents qualified a referendum on the Project to be placed before the City's electorate. The current Catalina Project includes the same boundaries as the Heart of the City Redevelopment Project, except the 10-acre parcel adjacent to the Marina has been removed.

Generally the purposes of this Project Area are to: provide public facility improvements including street improvements, street lighting, traffic signalization, sewer, water, and storm drain facilities; provide street and traffic circulation improvements; and assist with economic development and the retention of existing businesses and the establishment of new businesses in the Project Area.

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Because the Agency removed the areas of the Project this office determined it did not qualify as blighted, we believe the Project as now proposed generally reflects blighting conditions consistent with legal requirements. The Agency has scheduled the Joint Public Hearing to adopt the proposed redevelopment project for July 8, 2003. Failure to voice opposition, if any, at the hearing may preclude the County from legally challenging the proposed project at a later date.

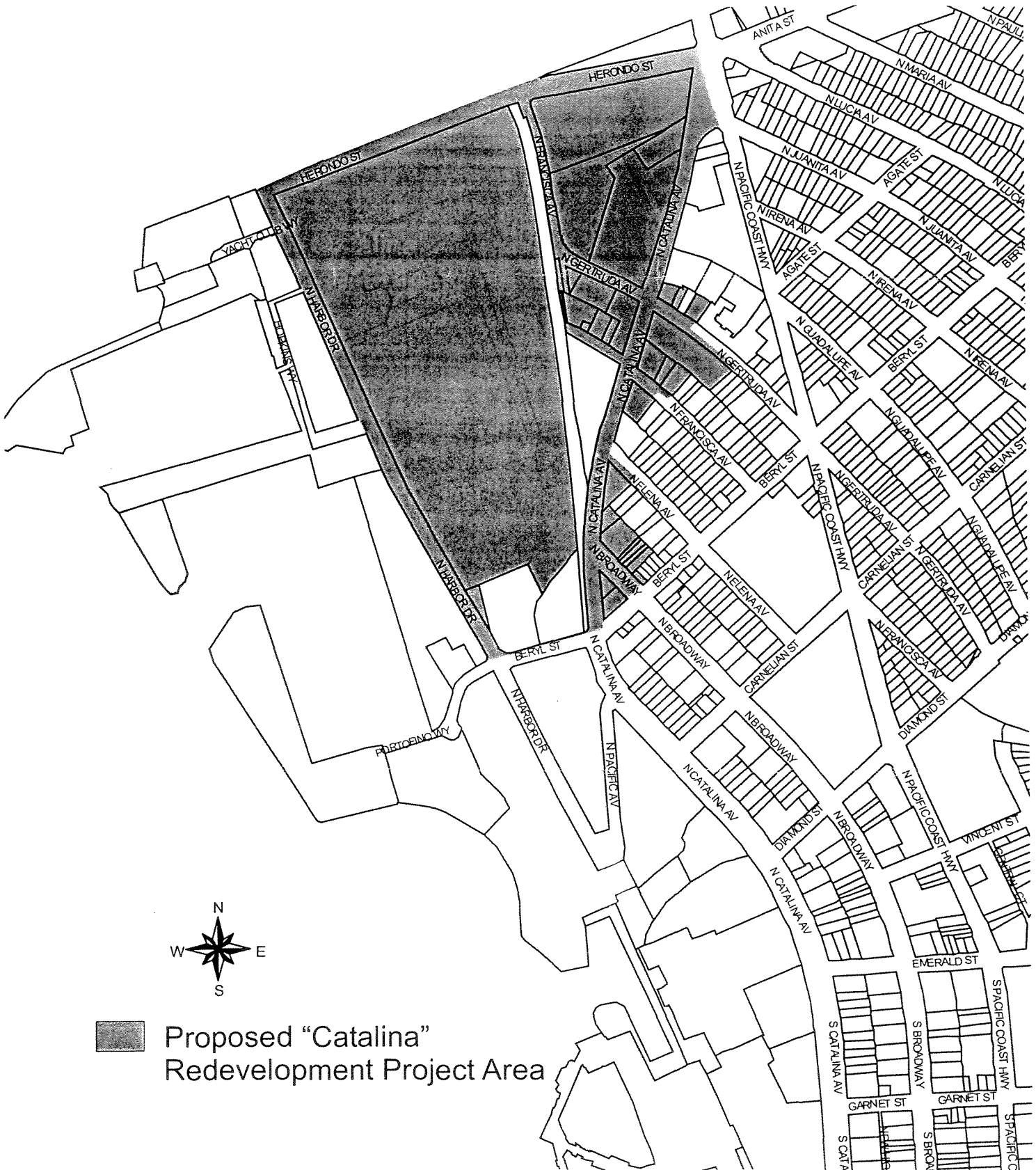
If you have any further questions regarding this information, please call me, or your staff may call Robert Moran of my office at (213) 974-1130.

DEJ: LS
MKZ:RM:nl

Attachments

c: County Counsel
Auditor-Controller

"Catalina" Redevelopment Project Area Redondo Beach, California



PROJECT AREA DESCRIPTION
PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

- **Physical Blighting Conditions:**

The following is a brief summary of the physical conditions in the Project Area:

- 23 of 27 parcels (85%) in the Project Area (excluding the AES power plant site) are less than 20,000 square feet in size, too small to support modern conventional strip commercial development with surface parking.
- 6 of 27 parcels (22%) in the Project Area (excluding the AES site) exhibit characteristics of physical blight (boarded windows, junk or abandoned vehicles on property, abandoned buildings).
- 26 parcels totaling 12.8 acres are irregular in shape and in multiple ownership.
- The location of the AES power plant facility is incompatible with adjacent commercially zoned uses.

- **Economic Conditions of Blight:**

The following is a brief summary of the economic conditions of blight that exist in the Project Area:

- Declining property values: from 1991-1999, total property values in the project area declined by 25%, while comparative property values for the City as a whole increased by 17% during the same period.
- Obsolete buildings impair investment, as approximately 76% of the buildings in the project area are over 30 years old, and 68% are over 40 years old.
- The AES power plant site will require extensive environmental mitigation.
- Only one new building (6,200 square feet) has been added to the space inventory in the Project Area since 1973, a span of 28 years.

LIST OF PLANNED PROJECTS**Estimated Project Costs**

Item or Program	Amount
Public Improvements	
Wastewater system	\$ 4,600,000
Storm Drain system	\$ 3,700,000
Streets, curbs, and gutters	\$ 7,500,000
Street lights and medians	\$ 9,700,000
Other public improvements	\$ 7,700,000
Public facilities	\$ 4,050,000
Commercial Rehabilitation and development	unknown

TOTAL **\$ 37,250,000**

IMPACT ON COUNTY GENERAL FUND

Limits of Plan

- **Incurring Debt:** 20 years
- **Redevelopment Activities:** 30 years
- **Limitations on Collection of Tax Increment:** 45 years

Estimated Project Revenues

- **Assumed Annual Real Property Growth Rate:** 2.0%
- **Base Year Assessed Valuation:** \$ 306,242,653
- **Gross Estimated Increment (45-year Collection):** \$ 142,070,844
- **Housing Set-Aside (20% Minimum):** \$ 28,414,169
- **County General Fund Revenue With Project:** \$ 21,093,034
- **County General Fund Revenue Without Project:**
\$ 28,938,665 - \$ 49,110,774
- **Net Difference to County General Fund:**
(\$ 7,845,631) - (\$28,017,740)
- **Net Present Value Difference to County General Fund:**
(\$ 2,226,901) - (\$ 8,511,739)

* Note: Estimated impact to County General Fund is based on comparing County General Fund revenue **with the proposed project**, based on the Agency estimate of growth, with County General Fund revenue **with no project**. The “no project” scenario includes a range of assumptions, from: a conservative 2% annual growth in the area with no new construction, to a more aggressive scenario including new construction envisioned by Agency as part of the proposed project. In other words, as the County is unable to estimate what will occur in the project area without a project, the “no project” scenario ranges from an assumption that minimal activity would occur in the area without the project (in which case the impact on the County would be limited), to an assumption that project-related development and increased values would occur even without adoption of the project. County General Fund losses in this more aggressive scenario would be significant.